

Office of the City Auditor

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I *ndependently assess and report on City operations and services*

City Service Area

Strategic Support

Core Service

Audit Services

Identify ways to increase the economy, efficiency, effectiveness, and accountability of City government and provide independent, reliable, accurate, and timely information to the City Council and other stakeholders

Strategic Support: Administrative and Network Support

Office of the City Auditor

Department Budget Summary

	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Audit Services	\$ 2,487,862	\$ 2,268,372	\$ 2,330,989	\$ 1,917,008	(15.5%)
Strategic Support	5,925	110,417	113,942	108,568	(1.7%)
Total	\$ 2,493,787	\$ 2,378,789	\$ 2,444,931	2,025,576	(14.8%)
Dollars by Category					
Personal Services	\$ 2,246,984	\$ 2,276,486	\$ 2,342,628	\$ 1,956,423	(14.1%)
Non-Personal/Equipment	246,803	102,303	102,303	69,153	(32.4%)
Total	\$ 2,493,787	\$ 2,378,789	\$ 2,444,931	\$ 2,025,576	(14.8%)
Dollars by Fund					
General Fund	\$ 2,493,787	\$ 2,378,789	\$ 2,444,931	\$ 1,960,626	(17.6%)
Airport Maint & Ops	0	0	0	64,950	N/A
Total	\$ 2,493,787	\$ 2,378,789	\$ 2,444,931	\$ 2,025,576	(14.8%)
Authorized Positions	18.00	17.00	16.00	15.00	(11.8%)

Office of the City Auditor

Budget Reconciliation

(2009-2010 Adopted to 2010-2011 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2009-2010):	17.00	2,378,789	2,378,789
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• Senior Audit Staffing	(1.00)	(144,899)	(144,899)
One-time Prior Year Expenditures Subtotal:	(1.00)	(144,899)	(144,899)
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes and the following position reallocations:		211,041	211,041
- 2.0 Program Perf. Auditor II to 2.0 Sr. Program Perf. Auditor			
- 1.0 Supervising Auditor to 1.0 Program Perf. Auditor II			
Technical Adjustments Subtotal:	0.00	211,041	211,041
2010-2011 Forecast Base Budget:	16.00	2,444,931	2,444,931
Budget Proposals Approved			
1. Audit Staffing	(1.00)	(155,195)	(220,145)
2. Auditor's Office Management and Professional Employee Total Compensation Reduction		(114,803)	(114,803)
3. Auditor's Office Total Employee Compensation Reduction		(102,546)	(102,546)
4. Auditor's Office Non-Personal/Equipment Funding		(33,150)	(33,150)
5. Auditor's Office Intern Program		(13,661)	(13,661)
Total Budget Proposals Approved	(1.00)	(419,355)	(484,305)
2010-2011 Adopted Budget Total	15.00	2,025,576	1,960,626

Office of the City Auditor

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Audit Staffing	(1.00)	(155,195)	(220,145)

Strategic Support CSA
Audit Services

This action eliminates one vacant Program Performance Auditor I position and shifts 0.37 of a Senior Program Performance Auditor position from the General Fund to the Airport Maintenance and Operations Fund to support Airport concession audit activities. In addition, this action reduces professional development funding by \$3,000 to align funding with current staffing levels. The elimination of the Program Performance Auditor position, in conjunction with staffing reductions in the prior year, may result in fewer audit recommendations to improve the efficiency and effectiveness of City services. (Ongoing savings: \$155,516)

Performance Results:

Cost, Cycle Time, Customer Satisfaction This reduction may result in fewer audit projects each year (historically, the Office has produced 1.5 audits per auditor), fewer audit recommendations to improve operations, and lower audit recoveries (in 2009-2010 the Office expects to identify \$4.8 in audit benefits for every \$1 in audit cost).

2. Auditor's Office Management and Professional Employees Total Compensation Reduction	(114,803)	(114,803)
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Strategic Support CSA
Audit Services
Strategic Support

This action is a reduction in personnel costs equivalent to 5% of total compensation for Appointees, Executive Management, and Professional Employees (Unit 99). The savings generated from these actions helps address the General Fund shortfall, thereby retaining City services which may otherwise have been eliminated. The compensation adjustments include a 4.75% general wage decrease, freezing of merit increases, healthcare cost sharing changes (from 90% City/10% employee to 85% City/15% employee), healthcare plan design changes including increased co-pays, and changes in healthcare in lieu, healthcare dual coverage, and disability leave supplement. These actions result in savings of \$1.23 million in the General Fund including overhead loss and \$2.1 million in all funds. In the Office of the City Auditor, savings total \$114,803 in the General Fund. (Ongoing savings: \$164,200)

Performance Results: N/A

Office of the City Auditor

Budget Changes By Department (Cont'd.)

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
3. Auditor's Office Total Employee Compensation Reduction		(102,546)	(102,546)
<i>Strategic Support CSA</i>			
<i>Audit Services</i>			
<i>Strategic Support</i>			

As a result of compensation reductions for various bargaining groups as approved by the City Council on June 22, 2010, this action reflects a 10% reduction in total compensation costs, of which 5% is ongoing, for various bargaining units (AEA, ALP, AMSP, CAMP, IBEW, and OE3); an additional 5% total compensation reduction for Executive Management and Professional Employees and Unrepresented Employees (Units 99 and 81/82) for a total 10% reduction in compensation, of which 5% is ongoing; and a 5% reduction in ongoing total compensation costs for ABMEI. The savings generated from these actions helped address the General Fund shortfall, thereby retaining City services which would otherwise have been eliminated.

The compensation adjustment actions, which vary by employee group, include: general wage decreases, freezing of merit increases, additional employee contributions to retirement to offset the City's contributions, healthcare cost sharing changes (from 90% City/10% employee to 85% City/15% employee), healthcare plan design changes including increased co-pays, and changes in healthcare in lieu, healthcare dual coverage, and disability leave supplement. The specific actions are described in each bargaining unit's agreement with the City that can be found at: <http://www.sanjoseca.gov/employeeRelations/labor.asp>.

These compensation actions generate savings of \$8.6 million in the General Fund, offset by overhead and other reimbursement losses of \$856,000, resulting in total net General Fund savings of \$7.7 million. In the Office of the City Auditor, the General Fund savings totals \$102,546 as reflected in the 2010-2011 Adopted Budget. It should be noted that because of the timing of the concession agreements, the total value of the savings in all other funds is not yet available. Compensation savings generated for other funds will be brought forward as part of the 2009-2010 Annual Report, to be released on September 30, 2010. (Ongoing General Fund savings: \$51,273)

Performance Results: N/A

4. Auditor's Office Non-Personal/Equipment Funding	(33,150)	(33,150)
<i>Strategic Support CSA</i>		
<i>Audit Services</i>		

This action reduces the General Fund non-personal/equipment allocation by \$33,150 on an ongoing basis. This reduction will require the Office to re-prioritize all non-personal/equipment expenditures including supplies, travel, data processing, and contractual services. (Ongoing savings: \$33,150)

Performance Results:

No significant change to current service levels is expected as a result of this action; however, this action will limit the Office's flexibility in the event of unanticipated expenditures.

Office of the City Auditor

Budget Changes By Department (Cont'd.)

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
5. Auditor's Office Intern Program		(13,661)	(13,661)
<i>Strategic Support CSA</i>			
<i>Audit Services</i>			
<p>This action eliminates the paid intern program in the Office of the City Auditor. The Office has been successful at finding unpaid student interns interested in working for the City of San José; therefore, no service level impact is anticipated. (Ongoing savings: \$13,661)</p>			
Performance Results:			
No impacts to current performance levels are anticipated as a result of this action.			
2010-2011 Adopted Budget Changes Total	(1.00)	(419,355)	(484,305)

Office of the City Auditor

Departmental Position Detail

Position	2009-2010 Adopted	2010-2011 Adopted	Change
City Auditor	1.00	1.00	-
Executive Assistant to City Auditor	1.00	1.00	-
Program Performance Auditor I	3.00	2.00	(1.00)
Program Performance Auditor II	5.00	4.00	(1.00)
Senior Office Specialist	1.00	1.00	-
Senior Program Performance Auditor	4.00	5.00	1.00
Supervising Auditor	2.00	1.00	(1.00)
Total Positions	17.00	15.00	(2.00)

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